

Starting Your New Child Care Business in Canada

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Hello and thank you for joining us today. I'm Wendy Marshall and until recently I have owned and operated two Licensed Child Care Centers in Peel Region in Ontario. I'm also Co-President of the Association of Day Care Operators of Ontario, the industry association for independent licensed child care owner/operators, both commercial and non-profit. For over 20 years I taught Child Abuse Protocol Courses.

Introduction

- Types of child care businesses
- What is involved in a start-up
- Elements of service quality
- What to expect from your business
- Future trends



Today I'd like to take a few minutes to speak with you about the child care business. We'll start with a quick overview of the types of child care businesses you might wish to consider and what's involved in the start-up process. We'll also talk a bit about some of the elements involved in delivering a high quality service. From there, we'll move into what you can expect in terms of return on your investment of time, effort and resources. We'll close by touching on some of the trends and some of the faster growing segments of the child care market.

Entrepreneur & Educator

- Child care owner/operators must balance both roles
- Know what motivates you
- Have a plan for developing the additional skills you'll need
- Remember, you're in a high stakes business



I opened my first Centre in 1986. After raising my own children, I went back to night school to get my Early Childhood Education Diploma. During the day I looked after young children in my home. I do not have a business background so I have had to learn the business side of Child Care as I have gone along. I have received a lot of help along the way, mostly from other child care owners, from my accountant and from my husband.

What I'm saying here is that you may be motivated to get into the child care business because of your interest in early education and you enjoy caring for children, and both of those things are very, very important, but they aren't enough to be successful running a child care business.

You also have to have a clear plan about the kind of business you want and how quickly you want to achieve certain goals, and also to be committed to keeping your operation sustainable and growing over time.

You need to behave as an entrepreneur and think of yourself as an entrepreneur, but in the child care business the stakes are much higher than they are for other entrepreneurs.

Never forget that you are in the business of providing each and every child in your care with memories, experiences and the foundation of education that will impact them for the rest of their lives. That is why every detail of the work you do is important. You absolutely have to have a passion for quality and to be willing to give the families you serve your absolute best effort and focused attention every single day.

Provincial Regulations

- Like education and health care, child care is regulated by the Province
- The regulations vary from one Province to another
- Know the rules of the Province where you intend to start your business
- Regulations help promote children's safety and well-being, and offer some protection for the business owner



One of the first things to know is that child care is a highly regulated industry. Like education, social services and health care in Canada, child care is regulated by the Provincial governments. The regulations and terminology used in the industry vary a bit from one Province to another. The important thing is that you know the rules of the Province where you intend to start your business.

While there's no question that the amount of regulation makes it more difficult to start and run a child care business than it is to many other types of enterprises, the regulations are important on a number of levels.

They help promote children's safety and well-being and they provide parents with peace of mind. Being knowledgeable about the regulations and careful about following them also offers a level of protection for the licensed child care owner, in that it reduces your potential liability if anything unexpected should happen in your facility.

Licensed Child Care Centre

- Facility designed and equipped to accommodate large numbers of children
- Children are grouped by age/developmental level
- Inspected/licensed annually by the Province
- Facilities and daily routines must meet certain standards
- Licensing allows you to hire staff



So, let's start with a quick look at some of the options available to you as an entrepreneur. There are basically two ways to go about caring for children as a business. One, is to open or purchase a licensed child care centre. The other is to provide informal care for children in your home. This can be either licensed or unlicensed.

Licensed Child Care Centre:

A licensed child care centre is a specially licensed facility designed and equipped to provide full- or part-time care for five or more children. Usually, it will be inspected and licensed annually by your Provincial regulator. The Province will be checking on your compliance with certain standards with respect to safety, cleanliness, record-keeping, programming, meals and so forth. Being licensed allows you to hire staff and care for many children in a variety of age groups, depending on the size and layout of your facility.

Informal, Unlicensed Care

- Happens in your home and doesn't require a Provincial license
- Still subject to legal requirements
- Restrictions on number and ages of children you can care for at any given time
- Must still be very professional and careful in your approach to your business



Informal, Unlicensed In Home Care:

Here in Ontario, if you're caring for children in your home and you're not working for a licensed home care agency, you are considered an informal, unlicensed home care provider. You are limited to a total of five children. You can't legally hire staff. And, you don't need any special qualifications.

But, the rules concerning this kind of care differ from province-to-province. In Manitoba for instance, informal home child care providers are encouraged to go through special training and to receive a special type of licence.

So, maybe you have young children of your own and you'd like to care for your neighbor's children and make a bit of extra money. It may sound easy and straightforward, but in fact, it's anything but. There are a lot of things you need to be aware of, not just for the safety and protection of the children coming into your home, but for yourself and your family as well.

It's easy to overlook some of the potential risks, such as whether or not your homeowners insurance would cover the potential liability of a child or parent getting hurt on your premises if you're providing care services for money.

This is why even informal, unlicensed care providers need to research, plan and conduct their businesses carefully.

Licensed In-Home Care

- Care occurs in the home, but is facilitated through a licensed agency
- Agency inspects your home regularly
- Must follow agency rules
- Agency assigns children to you
- Agency handles billing, pays you for your work
- Good way to get experience



There is a third option that may appeal to some of you, but it isn't exactly owning your own business. This option is working as an in-home caregiver for a licensed home child care agency.

This can be a good way to get some experience in the child care field before you jump right into owning and operating a Centre. In some Provinces there are agencies that hold a Provincial child care license and then hire individuals who wish to work from their own homes caring for children.

In this case, the agency provides you with training, some of the equipment you'll need, makes sure you have clients, and provides you with a regular pay cheque. You don't have to worry about advertising, marketing, bookkeeping, lesson-planning or anything else. The agency provides all of that for you. You just have to provide the care, lead the educational activities, and ensure that your home is a safe, clean environment. The agency will come and visit you at your home from time to time, to help you with any difficulties you may have and to make sure that what you're doing meets the agency's standards.

An example of this in Ontario is a company called Wee Watch. (www.weewatch.com) There are lots of others.

Quality in the Licensed Setting

- Each Province has its own laws and regulations concerning quality
- Regulations dictate everything
 - curriculum
 - staff:child ratios
 - staff qualifications
 - room sizes and equipment
 - cleaning and maintenance procedures
 - nutritional content of meals
 - record-keeping practices



No matter how you decide to get started with your child care business—whether you work for a licensed agency, open up a licensed day care centre, or provide care for children in your own home, you need to be quality-focused, because that is what parents want and children need.

If you're setting up and are going to operate your own Licensed Centre, you have to comply with the Provincial legislation and regulations that apply in your area. In Ontario, this is the Child Care and Early Years Act. In British Columbia, the Child Care Licensing Regulation is part of the Community Care and Assisted Living Act. It varies from one area to the next. All are public documents that you can view online.

Typically, the regulations for licensed centres provide the children and families you serve with a basic assurance of quality. They set minimum standards, but if that was all you did you might have a tough time getting families to use your centre, because most parents expect a much higher level of service, care and professionalism than that.

That said, in a licensed centre, the Provincial regulations dictate almost everything from staff:child ratios, to room sizes, to group sizes, age groupings, the nutritional content of the food you serve, to how you organize your paperwork, maintain your playground and take attendance.

Quality in the Informal Setting

- Fewer regulations, but higher vulnerability for the owner
- Key considerations
 - Supervision and attention
 - Cleanliness
 - Safety
 - Health
 - Learning and development
 - Relationships with parents



Where quality gets tougher to define and to achieve, is when you're working on your own out of your home, outside of the licensed system. Yet, from the standpoint of your own peace of mind, that's where being quality-focused is most important, because your level of personal risk and liability is much higher. It would be devastating if someone else's child should ever be injured or hurt in your home or while in your care. Aside from a lifetime of guilt and regret on your part, there could be very serious consequences. Depending on the circumstances, you could face a law suit, criminal charges, increased insurance rates, etc. That is why it is so essential to be obsessive about quality if you're going to pursue child care as a business, even on an informal basis.

So, what does quality mean? Well, there are a lot of interpretations, but one of the ways that might help you understand what we're getting at is to break the idea of quality down into specific areas. This is by no means an exhaustive list. The goal here is just to give you a sense of the kinds of things you need to consider when you're thinking about running a child care business from your home.

Supervision and Attention

Cleanliness

Safety

Health

Learning and Development

Relationships with Parents

Supervision & Attention

- In most jurisdictions, home-based caregivers are limited to 5 or fewer children at any given time
- Depending on the province, this may include your own if they are under 12
- Smaller children need more care, so you can take fewer of them
- Probably not more than 2 infants at a time



Supervision and attention

All children need supervision and attention, but very small children need it much more than older children. If you're providing care for infants, for instance, and you're working from home, you would be well advised to limit the number to two. In the event of a fire or other emergency, you only have two arms and can only carry two babies at a time.

Cleanliness

- Daily cleaning of all areas children use
- Need to sanitize the toys and surfaces daily to minimize risk of illness
- Maintaining a clean and tidy space is vital to maintaining parents' confidence
- Also vital to keeping your own family from feeling like the business is taking over your home



Cleanliness

In a home child care situation, you'll need to be prepared to clean all of the areas children that the children will be in and maintain strict cleanliness at all times. You'll also need to be prepared to sanitize the toys on a regular basis, to help minimize the risk of the illness. No parent wants to leave their child in an untidy home and your own family will not want their own space taken over by other children.

Safety

- Must eliminate or minimize any risk of injury
- Cover electrical outlets
- Lock up cleaning supplies, medications
- Ensuring other adults in your home are never left alone with the children
- Working smoke and carbon monoxide detectors
- Have your child first aid and CPR certification
- Know custody arrangements



Safety

There are a lot of things that you'll need to think about in a home environment when it comes to safety. From covering electrical outlets, to ensuring that medications and cleaning supplies are securely locked away, to ensuring that other adults entering your home are never alone with the children. You'll need to know child first aid and CPR, to ensure you have working smoke detectors, that your home is in good repair and that you fully understand any parental custody arrangements.

Remember that children have different temperaments and drives to explore their surroundings, and parents have different thresholds regarding risk.

Your job as a child care professional is to anticipate and prevent any possible safety risk to the children in your care, even when the risk of serious injury is minimal.

Health

- Maintaining a healthy environment
- Teaching children healthy habits
- Serving fresh, nutritious food
- Keeping records concerning children's allergies, medications, immunization history
- Having a written policy about what you will do if a child becomes ill while in your care



Health

Maintaining a healthy environment for the children, teaching them healthy habits such as hand-washing and serving them nutritious food are also part of child care quality. It's also important to have written records of children's allergies, medications, immunization history. You'll also need a policy on how to deal with children who fall ill during the day while their parents are at work.

Learning & Development

- Helping each child progress in all aspects of development, to achieve school readiness
- Speech and language
- Fine and gross motor skills
- Creativity
- Physical fitness
- General knowledge
- Age-appropriate self-care
- Manners and socialization



Learning & Development

In addition to being responsible for children's health and safety when their in your care, you need to be equipped to help them progress in all areas of child development—including speech and language, fine and gross motor skills, creativity, physical fitness, general knowledge, age appropriate self-care such as being able to feed themselves and dress and undress themselves, as well as how to socialize and get along with others. To do this, you need the right toys and equipment, indoor and outdoor activity areas, and a well-thought-out activity plan that is fun for the children, meets the needs of each child no matter what their age, and that helps prepare them for success in school.

Relationships With Parents

- Must have a strong, trusting relationship with each parent
- Comes from communicating clearly what your expectations are (and why) and then following through
- Listen carefully to families and be flexible on some things, but also be sure to manage parents' expectations



Relationships with Parents

You'll also need to have a plan and some policies in place for building strong relationships with the parents of the children in your care. For them to do business with you, formally or informally, they need to trust you. Trust comes from communicating clearly about what your expectations are and why, and then following through. You need to listen and be willing to be flexible on some things, but the core of it is being open and honest in everything you do and managing parents' expectations, so that everyone is working toward the same goals for the child.

Peer Support

- In a licensed setting, the combination of regulatory requirements and working with others makes it easier to achieve quality
- Working at home means you'll have to find other ways
- Investigate if there are home child care networking groups in your area, toy/resource lending library programs for child care providers, etc.



In a licensed setting, these are the kinds of quality measures the regulations help you achieve. It also helps that you're working with well-qualified child care professionals.

In an informal setting, you have to find ways to achieve the same level of quality in your home. To be competitive, you need to keep thinking of how you can offer the best care in your area.

In larger cities, there are usually networking groups and resource centres for child care providers. Some of them are open to home-based caregivers. They're usually not expensive to join. Some are totally free.

The goal is to find some avenue of peer support, some way of keeping your skills fresh and some way of continually renewing your perspective on your work, so you remain positive and enthusiastic.

Opening a Licensed Centre

- Community need for more child care
- A business plan
- Suitable premises
- Zoning, fire and health permits
- An operating license from the Province
- A policy and procedures manual for your centre and a handbook for parents
- Materials, equipment and supplies (indoor and outdoor)
- Qualified staff



OPENING A LICENSED CHILD CARE CENTRE

For those of you dreaming of owning and operating your own Licensed Child Care Centre, we need to talk about how to get started and what you need to do. These are some of the first and most important items to address:

Is there sufficient demand and a community need for child care.

You'll need a business plan.

You'll need suitable premises that you own or lease, and maybe an architect or builder experienced in licensed child care projects

Zoning, Fire and Health permits

An operating license from the Provincial Ministry that governs the child care sector in your area

A policy and procedures manual for your centre

A handbook for parents, so they know what to expect

Materials, equipment and supplies - indoor and outdoor

Qualified staff—in Ontario and some other Provinces, they're called Early Childhood Educators

To Buy or To Build

- The zoning, licensing and inspections involved in buying or leasing space to create a new centre can mean it takes up to two years to get your doors open
- Buying an existing, licensed centre that is current in operation is generally faster
- Always work with real estate and construction professionals who specialize in licensed child care properties



TO BUILD OR TO BUY - THAT IS THE QUESTION

If you build a brand new child care facility from the ground up, getting it licensed by the Provincial government can be a very lengthy process. Depending your area and specific circumstances, it can easily take a year or more. You'll need to consider if you wish to purchase, lease or rent the premises, and whether you're prepared to start from scratch, or if there is a space available that is partially ready and just requires a build-out. Sometimes you can find a space that only needs a retrofit to be suitable for a licensed child care.

Another option is to buy an existing licensed child care centre lock, stock and barrel and assume responsibility for the existing operating license. While the transaction will likely need to be approved by the Provincial government in your area, provided you are not making major changes right away, this is generally a much less daunting process than obtaining a license for a new centre that you build from the ground up.

Since the regulations surrounding child care facilities are so specific, it's always a good idea to work with a real estate agent who specializes in child care properties. The same is true for builders and architects, as they also need to be familiar with the regulations governing child care premises.

Your Return On Investment

- Do not expect to get rich from being in the licensed (or unlicensed) child care business
- Think of it more as making your own job
- 70-80% of your operating costs will be staff costs
- Having the ECE (or your province's equivalent) certification allows you to be your own centre supervisor, which will reduce your operating costs



THE DAY CARE BUSINESS & YOUR INVESTMENT

There isn't enough time to get into every aspect of a child care business plan here today, but I'd like to offer you a quick overview of what you can realistically expect in a centre-based child care business.

This investment is not going to make you rich. You will make your own job, plus achieve a very modest return on any capital investment you've made in facilities.

In any licensed centre, staff costs are by far your largest expense category. The best way forward financially is to have your Early Childhood Education diploma so that you can be the Supervisor of your Centre.

You probably will not see a return on investment for a few years. If anything happens on the political front that threatens the rights of child care owners to operate their centres as businesses, your investment could be rendered worthless and you could lose it.

This actually happened to many, many licensed child care owners when Bob Rae was Premier of Ontario in the early 1990s. Do not assume that just because you are licensed by the Province that your business is safe from the fickle hand of politics.

Protecting Your Investment

- Be sure your accountant and your insurance broker have experience working with licensed child care businesses
- Pay attention to potential regulatory changes or shifts in government attitudes toward commercial centres
- Develop strong relationships with your MPP, Municipal Councillors and MP
- Join an industry association such as ADCO



Protecting your investment

Your best defense is to ensure that your business is built on a solid financial foundation and that you understand what is happening in all aspects of your business and your industry at all times. Always work with a good, honest accountant who has experience with the Child Care business.

Don't under-insure your business. Work with an insurance broker that is experienced with licensed child care programs and finds you the specialized coverage you need.

You should also plan to meet with your Provincial representative (MPP or MLA) at least once per year to tell them about all of the great things happening at your centre, how many children you care for, how many people you employ and why keeping your centre in business is important to the community and what they can do to help you. It is wise to meet with your Mayor or municipal councilor once a year as well.

Read your local newspaper and watch your local TV news regularly to stay on top of political developments.

Joining an industry association such as the Association of Day Care Operators of Ontario (ADCO) is another excellent way to stay on top of trends in the industry and understand the political forces that could undermine your investment. There are other benefits as well. Most industry associations can put you in touch with the specialized suppliers you'll need to obtain the products and services require to run your business. Just do be careful that any association you join is supportive of child care centres that are run as businesses.

Finding & Keeping Qualified Staff

- Your success depends on having great staff with the qualifications your Provincial government requires
- Demand for these professionals always exceeds supply, so you have to be great employer
- It's not all about money
- Work with an HR consultant or firm that knows the child care industry well



The key to keeping children safe and providing them with high quality play-based learning experiences while they're in your care is to hire top notch staff. This is never easy.

There always seem to be more Early Childhood Educator (ECE) jobs than there are ECEs to fill them. So, you need to be somewhat competitive as an employer offering wages and benefits that are similar to those offered by other child care programs. But it's not just about money. You also need to think about what you can do create a positive working environment that provides ECEs with opportunities to develop their skills, implement some of their own ideas, and ultimately, help your centre keep growing and expanding, so they can take on more responsibility, be promoted, and so on. Your goal is to create an enterprise that offers rewarding careers for ECES, encourages them to grow as professionals and that rewards them for doing so.

There are as many ways to do this as there are successful child care programs. A reputable Human Resources (HR) firm with experience in the child care industry can be a huge help, especially if you are not a highly experienced manager or supervisor when you first open your centre. An HR firm can also help advise you about the best ways to attract, screen and hire qualified staff.

Curriculum & Programming

- May be Provincial requirements regarding the content of what you teach, and how you teach it
- There are many good approaches, including Montessori, Reggio Emilia, etc.
- Play-based learning is popular with families
- How will you adapt your programming to meet the needs of children with physical or developmental challenges?



CURRICULUM & PROGRAMMING

Parents will be looking for a strong and supportive curriculum that treats children with respect and dignity. Every child is unique and deserves to be in an enriched, stimulating environment that will offer choices that build confidence and independence.

There are many tried and true approaches to early learning, including Montessori, Reggio Emilia, Waldorf and others. However, depending on your Province, you may be limited in terms of what you teach and how you teach it. Generally speaking, any form of play-based or enquiry-based learning is enjoyed by the children and well-accepted by families.

When you're planning your program, do give some thought to how you're going to serve children with physical, developmental or behavioral challenges. You'll also want to consider how you will serve children from wide variety of cultural and linguistic backgrounds. Plan for how you will adapt your programming for the inclusion of every child and collaborate with parents and support agencies to ensure that all children have full access to every aspect of your program.

Finding & Keeping Clients

- Choose your centre's location carefully
- Are there enough families with young children to keep your spaces full?
- Do they have the means to pay you for your services?
- Are there fee subsidies available?
- How would your clients access them?
- Never stop marketing & networking
- Ask for referrals



In many cities across Canada, licensed child care is in short supply and high demand. In some areas, child care owners are actively encouraged to enter into a service agreement with their Province, so they can serve families needing fee subsidy. Subsidies for families vary from Province to Province, so do make sure the area where you'd like to locate your business has enough young families who have the resources to pay you for child care or that they have access to funding for subsidy.

No matter how long your centre's waiting list is, you can't afford to ever stop marketing. Do not wait until you have vacancies to start marketing. Remember as well, you don't have to be a marketing expert or to pay a lot for advertising. One of the very best ways to market your services is to do a great job for your current customers and to regularly ask them to refer their friends and neighbours to you. Great child care businesses are almost always built on referrals, rather than on elaborate or expensive marketing campaigns.

Future Trends

- As women advance to higher levels in the workplace, they work longer hours and do more business travel
- Increasing demand for licensed child care centres with extended hours, evening hours, overnight and weekend care
- Increasing demand for specialized extra-curricular programming through the centre



Not long ago, ADCO hosted a conference featuring Canada's leading futurist, Richard Worzel. He worked with us to identify a number of trends that will affect those of us in the child care business in the next few years. One is that women are becoming increasingly powerful in the workplace. More and more of them are pursuing advanced degrees at universities and equipping themselves to take on more senior positions at work. As that trend becomes more widespread, the need for after-hours, weekend and overnight child care is likely to expand quite dramatically.

If Mom needs to go on a business trip, or suddenly realizes her late afternoon meeting is going run long, she will expect her child care provider to accommodate the demands of her job and will be willing to pay for this more flexible service. We are already seeing the tip of this trend, with some child care owners meeting the needs of busy families by offering additional services such as offering inexpensive and nutritious family meals right at the centre, or having bag lunches packed and ready for the older children to take to school with them the next day.

Another trend that we're seeing is growing demand for care that offers children first-hand learning opportunities in the arts, such as music, dance, painting and theatre. Generally, it's easier for parents to have extra-curricular programming such as music lessons provided through their child care centre, as it eliminates some of the time stress associated with having to shuttle children to other facilities at the end of the day.

There is another idea behind this trend as well and that is that the skills children will most need in the future are not necessarily the math, computer and science skills a lot of us still emphasize, but rather creative thinking skills that cannot be easily outsourced or replicated by technology. You can read more about that in a book called ***A Whole New Mind***, by Daniel Pink. This school of thought also provides some of the rationale behind play-based learning.

Conclusion

- Always remember, every child is unique and has different needs.
- Celebrate this! It is a privilege to know and to help each of them grow and be successful.
- There are careers that pay more, but few that are as rewarding.



While independent child care owner/operators have always known every child and every family was unique, our ability to be successful in our businesses is becoming increasingly linked to how well we respond to this uniqueness.

It is reflected in the degree to which we can celebrate and embrace cultural diversity, what we do to anticipate the ever-changing lifestyles of the families we serve and even how well equipped we are to serve children with special needs, complex health conditions or behavioral challenges.

That is actually the thought I'd like to leave you with today, because it is the one thing that those of us who own and operate our own child care businesses will always do better than any big institution.

It is what I hope each of you will strive to do in your child care businesses, and that is to know and truly celebrate and develop the uniqueness of every child in your care.

Going into child care as a business is not easy, but for those of us who do it, it's more than just a business, a career or a job. It truly is a labour of love.

Keep in Touch

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Thank you for your time today. On behalf of the ADCO board, staff and members, we appreciate your interest in the business of child care and wish each of you the very best in your new venture.